



National Intelligence Estimate



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Whither Gorbachev: Soviet Policy and Politics in the 1990s



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Key Judgments

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NIE 11-18-87W
November 1987

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WHITHER GORBACHEV:
SOVIET POLICY AND
POLITICS IN THE 1990s

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KEY JUDGMENTS

The full text of this Estimate
is being published separately
with regular distribution.

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SCOPE NOTE

This Estimate is the Intelligence Community's first overall assessment of the reforms Mikhail Gorbachev is attempting to introduce in the Soviet Union and their implications for the United States and the Western Alliance. It was stimulated by the accelerating pace of events inside the Soviet Union since the beginning of 1987 and by the evidence of growing debate abroad about the threats and opportunities that fundamental reforms in the USSR could present to the West. [REDACTED]

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The Estimate is designed to summarize our view of Gorbachev's pressures for change in Soviet politics and policies in the 1990s. It presents our judgments about how far that change might go in domestic, defense, and foreign policy arenas. It does *not* attempt an exhaustive analysis of the future of economic reform, defense programs, or any other specific policy area. The dimensions and prospects for Gorbachev's economic strategy will be discussed in more depth in a National Intelligence Estimate on the Soviet economy to be published in the spring of 1988. [REDACTED]

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Predicting Soviet policy in the 1990s and estimating the impact of Gorbachev's changes on Western interests is an inherently uncertain enterprise and there are persisting differences of view on some of the key questions within agencies, the Intelligence Community, and academia. These differences are reflected in this Estimate. [REDACTED]

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The USSR in the 1990s: Alternative Scenarios

	The Extent of Change	Probability	Impact in the USSR	Implications for the West
Rejuvenation of the existing system	The less controversial elements of Gorbachev's program—rejuvenating the leadership, modernizing industry, eliminating corruption—would advance, but there would be no significant change in the political system or expanded role for market forces in the economy.	Most likely outcome	Important changes in some sectors of Soviet political and economic life, but would not produce the decisive improvements in Moscow's competitive position that Gorbachev seeks.	Failure of the push for systemic reform would bring a more conservative foreign policy approach. Although resource allocation decisions would become more difficult, economic growth would be sufficient to fund a continuing military buildup. Unlikely to produce any lasting change in international behavior, arms control strategy or approach to regional crises.
Systemic reform	Would include the rejuvenation agenda plus significant change in the political and economic system—a loosening of state controls over information, more open political debate, reduction in role of central planning, a larger role for market forces, and expanded channels for political dissent.	Relatively small chance (perhaps less than one in three) that change will proceed this far	Heightened political tensions and economic dislocations in the near term. Significant improvements in agriculture and consumer sector probable by early 1990s; more modest improvements in industrial performance later in the decade. ^a	Moscow's competitive position would begin to improve, and the West would face a more complex and formidable adversary as a result of changing perceptions of Soviet intentions. But Soviet leaders would have an incentive through 1990s to constrain growth of defense spending. ^a This scenario could also bring changes in Soviet approach to arms control, regional issues, and other matters that open up new opportunities for Western diplomacy.
Neo-Stalinism	A rigid recentralization of political and economic controls, greater ideological orthodoxy, encouragement of Russian nationalism, and more aggressive suppression of dissent.	Very remote, but chances increase if reform effort fails catastrophically	Very short-term economic gains resulting from much more stringent discipline, but longer term decline in productivity, quality, and technological position. Potential for increase in social and nationality tensions.	Could bring to power a xenophobic leadership pushing a more shrilly anti-Western foreign policy. Technological backwardness and defense burden could grow, but military would be protected from impact of economic stagnation.

^a The Director, Defense Intelligence Agency, believes that under the systemic reform scenario, improvements in economic performance would be likely to provide enough resources by the late 1990s for military expenditures to grow without the constraints likely during the next five-year plan.

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KEY JUDGMENTS

Mikhail Gorbachev has staked his future on a bold effort to revitalize Soviet society, improve Moscow's abilities to compete with the West, and more effectively advance Soviet influence in the global power arena. The reforms he is pressing in pursuit of these objectives have the *potential* to produce the most significant changes in Soviet policies and institutions since Stalin's forced regimentation of the country in the late 1920s [REDACTED]

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Gorbachev's Vision. We believe Gorbachev is now convinced that he must make significant changes in the system, not just tinker at the margins, if he is to achieve his ambitious domestic and foreign objectives. *To revitalize the society and the economy he:*

- Has launched a thorough-going turnover of party and government officials designed to consolidate his political power and prepare the ground for his ambitious policy agenda.
- Intends to revamp the main institutions of the Stalinist system. He wants to create a "halfway house" that preserves the essential features of the Leninist system (the primacy of the Communist Party and strategic control of the main directions of the economy), while grafting onto it approaches not seen in the USSR since the 1920s—a political atmosphere more tolerant of diversity and debate, a less repressive environment for Soviet citizens, an expanded role for market forces in the economy, and a dose of economic competition. [REDACTED]

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On the national security front, Gorbachev adheres to traditional objectives: first and foremost enhancing the security of the Soviet homeland; expanding Soviet influence worldwide; and advancing Communism at the expense of capitalism around the globe. In order to pursue these goals more effectively, however, and to create the *necessary conditions* for his ambitious internal agenda, we believe Gorbachev wants to introduce potentially profound changes in Soviet strategy and tactics in the international arena. He believes that a more pragmatic approach to ideology, a more flexible and accommodating diplomacy toward the West, the Communist Bloc, China, and the Third World, and a corresponding deemphasis on military intimidation as an instrument of foreign policy will help him achieve his objectives. Specifically, we believe he wants to:

- Constrain the growth of defense spending—and perhaps even to reduce spending somewhat—in order to concentrate resources

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on the task of rebuilding the economy, improving Soviet technological competitiveness, and ensuring Moscow's ability to fulfill military requirements over the long haul.¹

- Sustain a vigorous diplomatic effort to reduce East-West tensions in order to restrict the momentum of US arms programs and especially the Strategic Defense Initiative, which, besides its strategic implications, could impact adversely on his plans to control defense spending.
- Move beyond past Soviet positions on arms control to achieve his domestic and foreign objectives. He will not accept steps that reverse the relative gains Moscow has made, but he may be willing to trade some military advantages for commensurate military or political gains.
- Exploit the favorable image created by change at home and new flexibility abroad to undercut foreign perceptions of a Soviet threat and better advance Moscow's influence abroad by political means [redacted]

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Can He Do It? Historically, change of this magnitude in Russia and the Soviet Union has been successfully imposed only by extremely autocratic leaders. Gorbachev does not have and is not likely to acquire such power. He faces a protracted struggle against long odds to bring his colleagues in the Politburo oligarchy along with him. [redacted]

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Gorbachev has succeeded in selling the notion that a muddling-through mentality must be discarded if the Soviet system is to remain competitive. *But there are clear differences even within Gorbachev's coalition over how much change is needed and how fast it should come.*

- He can count on close colleagues such as Party Secretary Yakovlev, Foreign Minister Shevardnadze, and Premier Ryzhkov—as well as reform-minded elements within the elite as a whole—to back his program. But others, such as “Second Secretary” Ligachev and KGB Chairman Chebrikov, represent forces within the ruling elite who want to slow the pace of change and emphasize more traditional approaches. Between these two poles remain others whose preferences vary from one issue to another, making formation of a consensus on the agenda a day-to-day battle.
- Progress will be uneven at best and reverses along the way are probable. While Gorbachev has scored some remarkable suc-

¹ The Director, Defense Intelligence Agency, believes that Gorbachev will not be in a position to make an overall reduction in defense spending during the period of this Estimate [redacted]

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cesses, the struggle in the Politburo over the pace of change in the country has lately become more intense. The cautious tone of Gorbachev's speech to the October Revolution anniversary celebrations and the removal of Boris Yeltsin as Moscow party chief indicate that for now Gorbachev has been forced to temper his call for change. He will be under pressure to find a way to impart new momentum to his reform agenda in the months ahead.

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Beyond the battle in the Kremlin, Gorbachev will have to traverse a variety of other shoals that could block his path and ultimately sink him as well as his agenda:

- Other than overt political opposition, Gorbachev's greatest obstacle may be sheer inertia. Centuries of centralized decision-making have produced a society used to avoiding initiative and not sure how to assume it.
- His effort to encourage a degree of spontaneity in the political system promises a protracted period of heightened political tensions that will test the limits of party control.
- There is a risk that some of the reforms will set loose centrifugal forces in the Soviet empire, triggering unrest among national minorities or other disgruntled social groups. We see little chance of nationality unrest sufficiently serious to threaten the regime, but a good chance of tensions that cast doubt on Gorbachev's program and slow the pace of change.
- We believe there is an even greater chance that reform in Moscow will add to the potential for instability in Eastern Europe, forcing the USSR to crack down once more, and producing pressures for retrenchment at home.
- Efforts to undertake a radical reform of economic planning and management over the next several years may disrupt economic performance and fuel doubts in the leadership and the society about the viability of Gorbachev's program. It is by no means certain that the returns will be sufficiently impressive to allow him to continue with his long-term program.
- Failure to effectively manage relations with the West could also complicate Gorbachev's position, giving support to those who oppose his more flexible diplomacy and his national security policies.

We judge that his removal is very unlikely for at least the next two to three years. But, given the risks inherent in his program, Gorbachev will remain vulnerable to a political challenge despite the further progress we expect him to make in moving more supporters into the leadership.

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His political survival will depend on a combination of political skill, effective management of the difficulties reform will inevitably cause, and luck [REDACTED]

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The USSR in the 1990s. We believe that current political and economic conditions in the Soviet Union have created an environment in which substantial change is possible over the next decade. Given the obstacles, the likely ebbs and flows of the reform process, and the susceptibility of the outcome to unforeseen events, we cannot predict with confidence how much change will occur:

- We believe the most likely outcome is a *rejuvenation of the existing system*. In this scenario we would see a continuation of the less controversial elements of Gorbachev's program: more competent leadership, a priority for industrial modernization, increased emphasis on discipline and anticorruption, implementation of limited reforms, and a more adroit foreign policy. There would, however, be no substantial expansion of the boundaries of political debate or the role of market forces in the economy. This scenario would bring important changes to some sectors of Soviet political and economic life, but we do not believe it would produce the decisive improvements in Moscow's competitive position that Gorbachev seeks.
- Given the obstacles, the chances that Gorbachev will succeed in going beyond *rejuvenation* to implement what we call *systemic reform* are small (perhaps less than one in three). Nevertheless, given what we believe to be the potentially significant consequences, we assess in detail what such fundamental changes could look like and how we would detect progress in this direction. In this scenario the party's controlling role would remain unquestioned. But Soviet authorities would condone a measure of political diversity and dissent and expanded participation at the lower levels of the system. The economy would be far more responsive to market forces, mainly in the consumer and agricultural sectors. Such changes are largely uncharted water for any Communist system and would be inherently risky. The process of implementing such reforms could be severely disruptive in the near term, producing political tensions, heightened nationality frictions, and dislocations in the economy. As in Czechoslovakia and to some extent China, these problems could become serious enough to threaten the reform process itself. But if the regime managed to successfully negotiate these shoals, we believe that by the end of the century this scenario could begin to produce some progress toward the ambitious economic and social goals Gorbachev has set.

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- [redacted]
- Even less likely than successful systemic reform, in our view, is a return to a more authoritarian *neo-Stalinism* scenario that would feature recentralization rather than decentralization of political and economic decision making. *There remains a certain reservoir of support in the elite and society for such a course, and its prospects could increase if Gorbachev's effort to push for fundamental reform fails dramatically*, triggering significant unrest at home or in Eastern Europe or severe disruptions in the economy. But we believe the odds will remain remote.
 - At the other end of the spectrum, we believe the odds of a turn toward *democratic socialism*, featuring a more radical push for a market economy and a pluralistic society than *systemic reform*, will remain virtually nil under any circumstances.
- [redacted]

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We believe Gorbachev will press ahead persistently with the implementation of his program, making tactical adjustments and accepting delays when necessary. As long as he stays at the helm, we believe the prospect of significant progress toward *systemic reform* remains. If he dies in office or is removed, we believe the odds that the leadership will stop short of fundamental change increase substantially.

[redacted]

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How Will We Know? We believe that progress toward truly fundamental change—the scenario we call systemic reform—can be measured by the extent to which:

- The proportion of enterprise output dictated by central ministries declines substantially.
- The regime follows up on its promise to deregulate prices by allowing enterprises to engage freely in buying and selling at negotiated prices any production beyond that allotted to the state.
- We see a growing role for private entrepreneurs and cooperative enterprises operating relatively independently of the state.
- Glasnost—the more open debate of problems and unorthodox ideas—continues to expand into new areas and is effectively institutionalized.

Failure to see continuing movement along these fronts—not to mention retreat—would be a sure sign that the push for reform was in trouble [redacted]

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Implications for the West. Given its superpower ambitions, military power, and ideological predilections, the USSR will remain the West's principal adversary whether or not Gorbachev is successful in

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[redacted]

rejuvenating the system or introducing systemic reforms. But we believe the impact on Western interests and on the nature of the Soviet challenge would differ in important respects [redacted]

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Rejuvenation of the Existing System. In this scenario, the nature of the Soviet challenge to Western interests would not significantly change. While the USSR would remain a formidable military threat, we do not believe the expected modest improvements in economic performance would give Moscow the wherewithal to significantly improve its ability to compete with the West in the economic and military arenas over the longer term. We would continue to see a more adroit foreign policy, but conservative pressures forcing a retreat at home would also be likely to limit bold innovations in diplomacy, undercutting the Soviets' efforts to improve the image of their intentions and lessening the political challenge to Western interests. [redacted]

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At the same time, *rejuvenation* would be likely to bring less change in traditional Soviet policies and institutions than *systemic reform*.

- We would expect little change in internal repression or in the boundaries of political dissent.
- The military establishment would be better insulated from change than under a *systemic reform* scenario. The intrusion of glasnost into military affairs would be sharply limited. The economy would generate sufficient resources to fund growth in military programs, albeit not without forcing the leadership to make difficult choices that could undermine the effort to increase investment in the economy or provide improvements in the standard of living.
- In the Third World we believe the Soviets would continue to rely on military power as their primary means of influence. We would see little change in the nature of East-West competition in the region.
- Traditional approaches to East-West issues would remain largely intact. We would be less likely to see major departures in arms control diplomacy or negotiations leading to significant reductions in Soviet conventional or strategic forces than under a *systemic reform* scenario. Soviet economic ties to the West could expand somewhat in this scenario, but there would be no significant change in the barriers that seal off the Soviet economy from the world market [redacted]

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Systemic Reform. The impact of this scenario on Soviet capabilities, policies, and behavior could be much more substantial, and we have therefore examined its implications for the West in considerable

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detail. We believe this scenario would pose new threats as well as opportunities. []

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On the one hand, expected technological and productivity gains would enhance the Soviets' long-run competitive position and broaden the base of the challenge to the West:

- Given the slow rate at which we expect change to occur, we believe that successful *systemic reform* would produce only modest improvements in Moscow's ability to compete in the economic arena in this century. Although we do not believe the Soviets would make much progress in improving their ability to innovate and assimilate advanced technologies, Soviet defense industries would nevertheless benefit more than under any other scenario and the military competition would continue.
- The political challenge could grow substantially. Overturning important features of the Stalinist system—systemic change—would provide a more credible backdrop for Soviet diplomacy and propaganda than a *rejuvenation* scenario alone could offer, forcing the United States and the West to reexamine traditional strategies for containing Soviet influence. Relations within the NATO Alliance would be complicated as shifting perceptions of Soviet intentions weaken the glue that has held its members together.

On the other hand, we believe changes in Soviet policies and institutions in this scenario would also open up new opportunities for Western diplomacy:

- The more open political climate would make it easier for the West to get its message across directly to a wider cross section of the elite and the population.
- The ultimate direction of defense spending in this scenario will depend on leadership's future decisions on weapon programs as well as on factors—such as the state of the East-West relationship—not completely within their control. Soviet leaders would fund a robust military R&D program and push ahead to modernize their strategic and conventional forces. But they would have an incentive to constrain the growth of defense spending through the 1990s.²
- Soviet leaders certainly would not end the East-West competition, accept an inferior strategic position, or draw back from

² The Director, Defense Intelligence Agency, believes that under the systemic reform scenario improvements in economic performance would be likely to provide enough resources by the late 1990s for military expenditures to grow without the constraints likely during the next five-year plan. []

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pursuit of a global superpower status. But we believe *systemic reform* would be more likely than *rejuvenation* to create conditions for meaningful arms control negotiations, leading to potentially sizable reductions in Soviet conventional and strategic forces opposite NATO and China. There could be significant changes in Moscow's foreign economic strategy, including more rapid development of trade with the West.

- While *there would be no retreat from Moscow's determination to expand its influence in the Third World*, we believe a reform leadership would place more emphasis on political and diplomatic approaches to regional issues and in some areas, such as the Middle East, pursue more cooperative approaches as they seek to expand their political role and legitimize their presence.
- We believe *systemic reform* in the USSR would be contagious in the Eastern Bloc, producing a measure of increased pluralism, more indigenous approaches to political and economic reform, and new opportunities for US diplomacy.

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The Impact of US Policy. We believe that the fate of reform will be sensitive to the state of East-West relations. The proponents of reforms that attempt to introduce market forces and political diversity into the Soviet system are more likely to be able to advance their cause in a climate of reduced tensions. We also believe that Gorbachev's effort to direct a larger proportion of resources into industrial modernization depends in part on his ability to manage perceptions of the foreign threat, and hence on his ability to achieve arms control arrangements that constrain Western defense programs.

- While the push for reform is not immune to outside influence, we cannot confidently predict the impact in Moscow of Western policies specifically designed to affect the process.

We believe Gorbachev's success, and the fate of reform, will largely rest on the outcome of power struggles, political debates, and economic and social developments inside the USSR and Eastern Europe that are subject only indirectly to influence from outside.

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Alternative View

The Director of NSA holds a different view on the general interpretation of Gorbachev's "vision" and the primary purposes of his domestic policies. Gorbachev has staked his future not on revitalization of Soviet society, but on revitalization of the party and its ability to overcome localism and deviant behavior vis-a-vis central control, behavior that became so widespread during Brezhnev's rule. This revitalization of the party actually began with Andropov, and the

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stimulation for it may have come as much from the decay of party control in Poland as from concern about modernity in the Soviet economy. Such a decay in the USSR would probably bring the prospect of major disorders and serious questions about the ability of the regime to survive. *Glasnost* and *perestroika* (restructuring), ostensibly aimed at an economic and social revitalization, are primarily instruments devised by Gorbachev to weld a coalition of intelligentsia that can break party resistance to an administrative purge and the restoration of strong Leninist standards of democratic centralism. Put in the historical context of previous reforms in the USSR and Eastern Europe, *Gorbachev's economic and social reforms do not appear to be the primary aim. Rather, they seem to be the "means" for a de facto party and state purge, the traditional vehicle for restoring the party's vitality.*

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Certainly, he would like improved economic performance, but that is less critical than improved political control. Historically, economic reforms both in the USSR and the Warsaw Pact states have been linked to leadership struggles and purges. The correlation in this regard is perfect. Such reforms only occasionally have coincided with poor economic performance, and just as often their result has not been economic improvement. *Moreover, the Gorbachev reforms, as they can be inferred from laws and decrees, are hardly "bold" in comparison with reforms and policy actions during the Khrushchev years. They do not, therefore, as the text asserts, "have the potential to produce the most significant changes in Soviet policies and institutions since Stalin's forced regimentation of the country in the late 1920s."* On the contrary, the actions inspired thus far by glasnost and *perestroika* are rather modest when compared with those of the 1956-62 period in the USSR

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Concerning future scenarios, "rejuvenation," as it is described in the text, amounts to a traditional party and state purge of cadres, greater cadre discipline, and a reduction of localism and deviant behavior by officials. "Neo-Stalinism" is a better name for this scenario. "Systemic reform," in order to have meaning, needs specific definition, economic and political. If it does not include a fundamental shift to market pricing in the majority of the economy's activities, particularly in the industrial sectors, it can hardly be called "systemic." There is no sign of such an intention in either the recent new laws on the economy or in Gorbachev's pronouncements on his "vision" of the future. A "systemic" shift of the locus of political power through law or elections would destroy the centralization of political power Gorbachev needs to carry through any kind of reform. This scenario, therefore, is most unlikely.

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“Democratic socialism” is no scenario for change. The “social democratic” parties of Western Europe rule over market economies, not socialist economies. In the logical sense of “democratic socialism,” Lenin and the Third International inherited the banner of “democratic socialism,” not the Western parties of the Second International. Stalin put substance under the banner by state control of virtually all property and capital. The text’s use of the term “democratic socialism,” therefore, is confusing [REDACTED]

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As an alternative answer to the NIE question, “whither Gorbachev,” there are two conceivable scenarios. First, he will succeed in purging the party, and in the process he will unleash many social forces which he will later have to bring back under control through KGB and party means. This is the best possible outcome for Gorbachev, and it may or may not be accompanied by moderate economic improvements. Second, he will fail in his effort to revitalize, or purge, the party and government ranks. He may be overthrown as he fails or he may compromise sufficiently to survive as the leader of a new era of “Brezhnevism,” that is, internal immobilism coupled with external mobilism. The latter seems the most probable. [REDACTED]

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The first scenario would strengthen the Soviet political system, although it could easily lead to major disorders in Eastern Europe as the Soviet political struggle is mirrored there. The second scenario should create a stable but slightly weakened political system. In both scenarios, Soviet external policy is likely to remain mobile, more adept and flexible than in the latter Brezhnev years, and a greater challenge to US interests both in the Third World and in the advanced industrial states of Europe and East Asia [REDACTED]

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